

Hitachi Maxell Consolidated Results
For the 1ST quarter of FY March 2007

(April 1,2006-June 30,2006)

July 28, 2006

maxell

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1. Consolidated Results for Q1 of FY 3/2007

Consolidated Results for Q1 of FY 3/2007

(millions of yen)

	Q1 of FY3/2006	Q1 of FY3/2007	change
Net sales	49,169	48,867	-0.6%
Operating income	728	1,386	+90.4%
Ordinary income	1,007	1,554	+54.3%
Net income	530	847	+59.8%
Capital expenditure	1,939	1,925	-0.7%
Depreciation	2,706	2,543	-6.0%
R&D costs	2,204	2,092	-5.1%
Exchange rate	\$1=¥108 1Euro=¥135	\$1=¥114 1Euro=¥145	

Factor Analysis for Q1 of FY 3/2006 (year-on-year)

Change

(Q1 of FY 3/2006→Q1 of FY 3/2007)

Factor Analysis

(100 millions of yen)

■ Sales

−3
(492→489)

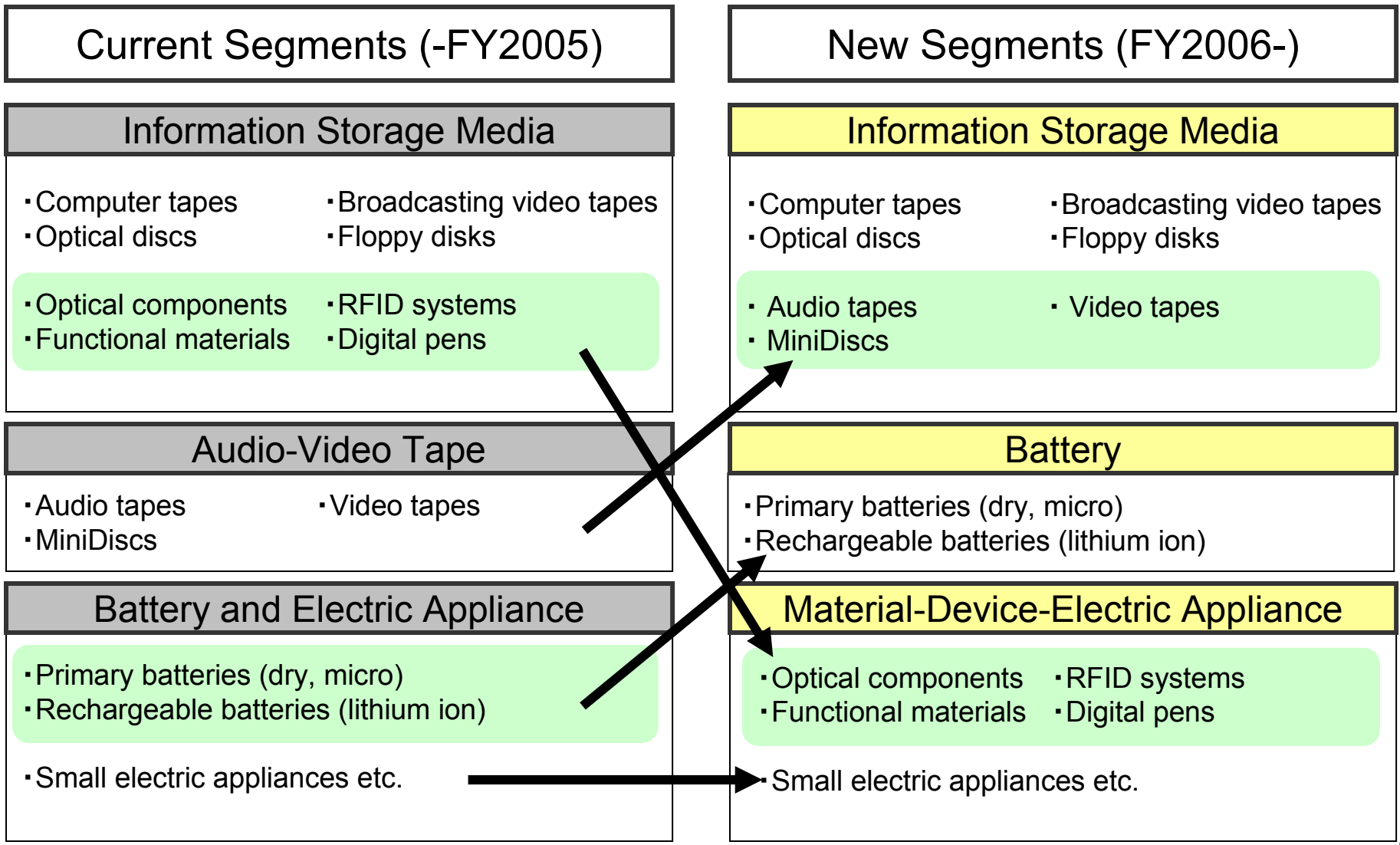
Volume	+3
Unit price	−21
Exchange rate	+15

■ Operating income

+7
(7→14)

Volume	+1
Unit price	−21
Exchange rate	+6
Cost reduction and others	+21

Overview of New Segments



Segment Information (year-on-year)

Q1 of FY 3/2007

(millions of yen)

	Sales		Operating income	
	Q1/FY2006	Q1/FY2007 (change)	Q1F/Y2006	Q1/FY2006 (change)
Information Storage Media	30,884	28,614 (-7.4%)	1,374	1,375 (+1)
Battery	8,738	10,715 (+22.6%)	-326	439 (+765)
Material-Device-Electric Appliance	9,547	9,538 (-0.1%)	-320	-428 (-108)
Total	49,169	48,867 (-0.6%)	728	1,386 (+658)

Segment Information (quater-on-quater)

(millions of yen)

	Sales		Operating Income	
	Q4/FY2006	Q1/FY2007 (change)	Q4/FY2006	Q1/FY2007 (change)
Information Storage Media	30,731	28,614 (-6.9%)	291	1,375 (+1,084)
Battery	10,021	10,715 (+6.9%)	767	439 (-328)
Material-Device-Electric Appliance	8,755	9,538 (+8.9%)	-88	-428 (-340)
Total	49,507	48,867 (-1.3%)	970	1,386 (+416)

2. Topics — Q1 of FY 3/2007

Reconstructing and Newly Developing Core Operations

Core Operations	Market Conditions and Maxell's Measures
Computer Tapes	<ul style="list-style-type: none">■ Sales launch of DLT-S4 (800GB)■ 1Q sales volumes stagnant but expect firm sales centered on LTO from 2Q
Optical Disks	<ul style="list-style-type: none">■ Commencement of sales (July) of next-generation disks (HD DVD, Blu-ray)■ DVD market continues expansion in 1Q■ Enhancement of profitability through strategic production outsourcing
Lithium Ion Rechargeable Batteries	<ul style="list-style-type: none">■ Favorable results for advanced function cellular phones continue in 1Q■ Anticipation of favorable results from 2Q due to effect of higher production capacity
Primary Batteries	<ul style="list-style-type: none">■ Sales of retro-look alkaline dry batteries from era of Maxell's establishment■ Growth in demand for high-value-added products: mercury-free, heat-resistant■ Catering to expansion of market for home-use fire alarms

New Businesses	Implementation Progress
Optical Components	<ul style="list-style-type: none">■ Robust performance by camera-use lenses, pickup lenses■ Start-up of production at Malaysian subsidiary■ Development underway for compound-compatible pickup lenses based on aspherical lenses
Functional Materials	<ul style="list-style-type: none">■ Solid shipments for flat panel displays■ Enhancement of productivity to improve profitability■ Acceleration of development for LCD luminosity enhancement films
Acquiring New Technology for the Future	Implementation Progress
	<ul style="list-style-type: none">■ Launch of first Business Project: SVOD (Stacked Volumetric Optical Discs)■ Strengthening of development for commercialization of fuel cells

Bolstering and Exploiting Our Organizational Strength

Implementation Progress

- Continued implementation of “Innovation Project” under “Change of Mind ”
- Corporate strategy → Establishment of division for corporate strategy formulation and implementation
- Establishment of division for advancement of process innovation → Construction of “ Maxell Way”
- Active holding of discussion meetings for junior employees → Approximately 30 meetings April–July
- Inclusion of regular president’s column in “maxell” in-house magazine

3. Projection of FY 3/2007

Projection of FY 3/2007

Projection of FY 3/2007

(millions of yen)

	First Half	Full Year
Net sales	100,000	206,000
Operating income	2,100	5,700
Ordinary income	2,600	6,600
Net income	1,000	3,300

There are no revisions to the consolidated forecasts of fiscal year ending March 31, 2007 that we announced on April 26, 2006

Note: This document contains forward-looking statements which reflect management's current views and judgments with respect to certain future plans, events and strategies based on currently available information and do not constitute promises, commitments or guarantees. The forward-looking statements involve known and unknown risks and uncertainties that can cause actual results to differ materially from those projected or implied therein. Factor that can cause actual results to differ materially from those projected or implied in the forward looking statements and from historical events include, but are not limited to, future economic trends, competition in the industrial sector in which Maxell operates, market demand, rates of exchange (for the yen and other currencies in which Maxell makes significant sales or in which Maxell's assets and liabilities are denominated), and sociopolitical conditions and circumstances.

Appendix : Major Business Lines

Segment	Main Products
Information Storage Media	Computer Tapes, Broadcasting Video Tapes, DVD Discs, Discs Compatible with Blue-light Lasers, CD Discs, MO Disks, Floppy Disks, MiniDiscs, Audio Tapes, Video Tapes
Battery	Lithium Ion Rechargeable Batteries, Dry Batteries, Coin-Type Lithium Manganese Dioxide Rechargeable Batteries, Silver Oxide Batteries, Manganese Lithium Batteries
Material-Device-Electric Appliance	Optical Components, Functional Materials, Small Electric Appliances, Electroforming/Precision Components, Metal/Plastic Molded Products, Labels and Cards for Printers,etc.